

Washington State Auditor's Office
Accountability Audit Report

**Public Utility District No. 1 of Douglas
County**

Audit Period
January 1, 2003 through December 31, 2003

Report No. 67397

Issue Date
October 8, 2004



Washington _____
State Auditor

Brian Sonntag

Audit Summary

Public Utility District No. 1 of Douglas County January 1, 2003 through December 31, 2003

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Public Utility District No. 1 of Douglas County for the period January 1, 2003, through December 31, 2003.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

RELATED REPORTS

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements.

CLOSING REMARKS

We appreciate the District's prompt attention to resolving prior audit issues and its commitment to ensuring compliance with conditions reported this audit. We thank District officials and personnel for their assistance and cooperation during the audit.

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Description of the District

Public Utility District No. 1 of Douglas County January 1, 2003 through December 31, 2003

ABOUT THE DISTRICT

Public Utility District No. 1 of Douglas County was established in 1936 and engages in the following activities:

- The District distributes electricity to over 16,000 customers in Douglas County through its Electric Distribution System.
- The District owns and operates the Wells Hydroelectric Project on the Columbia River. Thirty-eight percent of Wells Project generation is retained for sale through the Distribution System to consumers in Douglas County, Okanogan Public Utility District and other electric utilities. The remaining percentage of generation is sold to four investor owned Pacific Northwest electric utilities.
- The District distributes water to some Douglas County residents.
- The District operates a high-speed communication system. The system is used for utility purposes and by wholesale customers who sell retail services to Douglas County residents.

A three-member Board of Commissioners is the policy body for the District. The Commission appoints a Manager who is responsible for the oversight and management of the District's approximately 160 employees and \$67 million annual operating budget.

AUDIT HISTORY

We audit the District annually. The District has had no findings from our Office in at least 16 years.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

T. James Davis
Michael Doneen
Lynn Heminger

APPOINTED OFFICIALS

Manager
Auditor
Treasurer

William C. Dobbins
Gary R. Ivory
Wyatt W. Scheibner

ADDRESS

District

1151 Valley Mall Parkway
East Wenatchee, WA 98802
(509) 884-7191

Audit Areas Examined

Public Utility District No. 1 of Douglas County January 1, 2003 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of Public Utility District No. 1 of Douglas County's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the District's accountability in the following areas:

- Cash receipting and revenues
- Petty cash, change and revolving accounts
- Fixed assets
- Inventory
- Payroll
- Purchase of goods and services
- Financial statement preparation and journal entries

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Ethics/conflict of interest laws
- Open Public Meetings Act
- Allowable expenditures
- Bond covenants
- Credit card usage
- Competitive bidding requirements

FINANCIAL AREAS

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Revenues
- Expenditures
- Capital assets
- Deferred charges
- Long-term debt
- Overall presentation of the financial statements